

FEB 21 1967

# Foundations Fail to File Tax Reports

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At least ten foundations used as conduits for the Intelligence Agency failed to file mandatory tax records with the Internal Revenue Service in order to mask their covert activities.

The foundations are listed in the current IRS directory of exempt groups. They fall under a section of the Internal Revenue Code that exempts the foundations from reporting their annual income, disbursements and a list of contributions as they have received.

According to a file at the Foundation Library Center, of the 10 foundations that submitted the required Form 990A for the 1962, 1963 and 1964 tax years.

An IRS spokesman said that all Form 990A's that arrive at the IRS Washington headquarters are copied as a matter of course and sent to the Foundation Library's offices in New York and Washington.

The IRS said, however, that it was still canvassing its files for the tax records of the missing ten foundations. It could not therefore confirm that the foundations had not filed a report and for some unknown reason that the records were not subsequently transmitted to the Foundation Library Center.

It was possible to confirm that in the case of one of these CIA-linked foundations—the Foundation for Youth and Student Affairs—that no tax records were filed between 1954 and 1964.

An IRS spokesman was

asked whether the public disclosure requirement was waived for these foundations because they were engaged in channelling covert funds to various private organizations and individuals for the CIA.

"The IRS will have absolutely no comment," the spokesman replied. He cited a provision in the disclosure statute that bars the IRS from discussing the tax affairs of any individual or group before a final administrative or legal action is taken by the Government.

However, a high-ranking IRS official said: "I honestly don't know why they haven't filed. Nobody will tell me or tell the people I talk to."

"But I get the feeling that they simply expected the question would be settled if we ever came and investigated. They [the CIA-connected foundations] operate on a 'need-to-know' principle," the official added.

The ten currently tax-exempt foundations for which public tax reports are unavailable are:

The Appalachian Fund, Inc., of Lexington, Ky.; Broad-High Foundation, Columbus, Ohio; Chesapeake Foundation, Baltimore; Foundation for Youth and Student Affairs; New York, N.Y.; Gotham Foundation, New York, N.Y.; Granary Fund, Boston; Andrew Hamilton Fund, Philadelphia; Jones-O'Donnell Foundation, Dallas; Michigan Fund, Detroit; and the San Jacinto Fund, Houston.

These ten foundations have been named by Government

officials, by the leaders of the CIA-financed National Student Association or in the press as connected to the Government's secret intelligence arm. None of them have chosen to deny these allegations.

Still other known foundation conduits for the CIA have chosen not to claim a tax exemption and therefore are not subject to the reporting provisions of the Tax Code.

Another category of foundations which are known to have handled CIA funds has regularly filed 990A tax-exemption forms with the IRS and the Foundation Library Center, where they are currently available for inspection.

It is through the examination and cross-checking of their returns that much of the information about the CIA's penetration into private U.S. organizations has recently come to light.

Under the Internal Revenue Code, a broad group of foundations are granted tax exemptions if their net earnings do not benefit an individual and if they do not substantially try to carry on "propaganda" or to "influence legislation."

In return for the tax-exemption, the foundations are required to annually file a detailed public statement—Form 990A. But there is no penalty for failure to file.

Another section of the tax law permits certain foundations such as religious, fraternal and educational groups, to skip the reporting procedure. Also exempt under the law are quasi-governmental units and foundations that are "primarily supported by the general public."

None of the tax-exempt foundations linked to the CIA apparently fall into any category that would permit them to bypass the public reporting process.

990-A		Return of Organization Exempt From Income Tax		1966	
Section 501(c)(3) of the Code		For the year January 1-December 31, 1966, or other taxable year beginning		Name of the organization	
1. Name of the organization					
2. Address of the organization					
3. State of incorporation					
4. Federal tax identification number					
5. Purpose of the organization					
6. Gross receipts or sales from business activities					
7. Expenses of business activities					
8. Total gross receipts or sales					
9. Total expenses					
10. Net income or loss					
11. Assets and liabilities					
12. Disbursements made within the year out of current or accumulated income for purposes for which exempt, and accumulation of income					
13. Disbursements made out of principal for purposes for which exempt					
14. Receipts not reported elsewhere					
15. Expenses of fundraising and collecting amount on line 17, from column 9, Schedule A					
16. Net operating loss, if any					
17. Disbursements made out of principal for purposes for which exempt					
18. Disbursements, if any, for the year					
19. Schedule A—Allocation of Expenses (See Instructions for Attachments Required)					
20. Compensation of officers, etc.					
21. Other salaries and wages					

is a portion of the form tax-exempt foundations expected to file.